



March 17, 2004

Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington DC 20055

Re: Docket No. R-1181

'Dear Madam;

I am an assistant vice president of Premier Community Bank, a **\$145 million community bank** located in **Marion, Wisconsin**. As a community banker, I am writing to support the federal bank regulatory agencies' (Agencies) proposal to enlarge the number of banks that will be examined under the small institution Community Reinvestment Act (CRA) examination. The Agencies propose to increase the asset threshold from \$250 million to **\$500 million** and to eliminate any consideration of whether the **small institution** is owned by a holding company.

I applaud the Agencies for recognizing that it is **time to expand** this critical **burden reduction** benefit to larger community banks. When a bank must comply with the requirements of the Large Bank CRA evaluation process, the costs and burdens increase dramatically. The **resources** devoted to this strenuous evaluation process ultimately **take away valuable** resources needed to **meet** the credit demands of the community.

**Adjusting** the **asset size** limit also more accurately reflects the significant changes and consolidation within the banking industry over the last 10 years. The proposed change recognizes that it is not fair to assess the CRA performance of a \$500 million bank (or even a \$1 billion bank, for the matter) with the same performance evaluation standards used to evaluate a \$500 billion bank. Large banks now **stretch** from coast-to-coast with assets in the hundreds of billions of dollars. Small community banks should not have to be burdened with the same **strenuous** CRA evaluation processes as these large banking company conglomerates. While I applaud the Agencies proposed increase, at the same time I feel that the size limit should be increased to \$1 billion in order to more accurately reflect the changes happening in the banking industry.

Community activists who are against the Agencies proposal appear to be oblivious to the cost and burdens that a community bank experiences with a Large Bank CRA exam. Yet, at the same time, they object to bank mergers that remove the local **community bank** from the community. If community groups want to continue to see community banks in the community providing local decision making and support, then they must recognize that regulatory **burdens** are strangling smaller institutions and forcing them to consider selling to larger institutions that have more resources to manage the burdens.

Increasing the size of banks eligible for the Small Bank streamlined CRA examination does not relieve banks from CRA responsibilities. This streamlined examination **does** provide a very understandable assessment test of the bank's **record** of **providing** credit in its community. Added to this is the **fact that** the survival of many community banks is closely intertwined with the success and viability of the community that they are in.

In conclusion, I feel that increasing the asset-size of banks eligible for the Small Bank streamlined CRA examination **is an important** first step to reducing regulatory burden. I also support eliminating the separate holding company qualification for the streamlined examination because it places small community banks that are part of a larger holding company at a disadvantage to their peers. While community banks must still comply with the general requirements of CRA, this change will eliminate **some of the most burdensome** elements of the current CRA regulation from community banks that are **drowning** in regulatory red-tape. I also **urge the Agencies to seriously consider** raising the size of banks eligible for the streamlined examination to **\$1 billion in assets** in order to better reflect the current demographics of the banking industry.

Sincerely,

Jeff Willce  
Assistant Vice President